ANNEXURE 1: SALDANHA BAY LONG TERM FINANCIAL PLAN FOR INCORPORATION INTO THE INTEGRATED DEVELOPMENT PLAN

1. Approach Followed in the Preparation of this Financial Plan

With this plan the Municipality will be striving for sound financial management and -viability. The time horizon of the plan is 10 years and the plan consists of a number of strategies to achieve the desired sustainability outcome within this period. The long planning horizon increases the future uncertainties, which calls for a number of scenarios that were explored. This plan is not a detailed budget, but informs the MTREF budgets of the future, and will be updated annually.

2. Goals and Objectives of the Financial Plan

The overall goal of the financial plan is to ensure financial sustainability within the constraints of the available resources. The objectives that will be pursued to achieve this goal are:

- Ensure transparency and accountability
- Maintain liquidity within acceptable norms
- Manage revenue, expenditure, assets and liabilities in a responsible manner
- Set appropriate tariffs
- Effectively manage the supply chain
- Use appropriate technology to eliminate inefficiencies
- Effectively manage cash flow
- Implement effective credit control and debt collection processes
- Seek alternative sources of funding
- Maintain external gearing at responsible levels
- Ensure compliance with the prescripts governing the local government sphere
- Provide excellent and responsive services

3. Financial Framework

The Municipality will implement its Financial Plan within the following framework:

3.1. Revenue Adequacy and Certainty

To carry out its functions the Municipality needs to generate adequate sources of revenue from its own operations and intergovernmental transfers. It is furthermore necessary that there is a reasonable degree of certainty with regard to the source, amount and timing of revenue. The DORA provides an indication of the level of transfers that the Municipality can expect from National Government. Revenue forecasts require regular reviews in the light of population

growth rates, especially of indigents, that have exceeded economic growth rates in the recent past.

This plan is based on the premise that the Municipality's own revenues are a function of the economic activity (as expressed by the Gross Value Add – "GVA") and the population of the region, i.e.

Municipal Revenue = f (GVA, Population)

The Municipality's efforts in promoting economic development and increasing the number of households that can afford and pay for services is therefore paramount in safeguarding and increasing revenues. The predicted Revenues are premised on the implementation of the IDZ.

3.2. Liquidity position

Cash and cash management is vital for the financial sustainability and good management of the Municipality. In addition to holding a sufficient liquidity reserve to cover working capital and all regulatory provisions, the Municipality will strive towards achieving at least:

- The current ratio, which expresses the current assets as a proportion to current liabilities. A current ratio in excess of two to one (2:1) is considered to be very healthy.
- The debtor's turnover ratio, has a great impact on the liquidity of the Municipality. The acceptable norm is 45 days.
- The collection rate determines if the Municipality remains a going concern. The minimum benchmark collection rate is 95%.

The operating budget needs to produce yearly operating surpluses to improve the cash backed reserves position and all collectable revenue needs to be collected to reduce provisions for bad debt impairment.

3.3. Sustainability

The Municipality will ensure that its operating budget is balanced and cash-funded, i.e. it will only allocate realistically collected revenue towards budgeted expenditure.

Services will be provided at affordable service levels and the full costs of service delivery will be recovered. However, to ensure that poor households have access to basic services; these households will be subsidised through an indigent support subsidy.

The operating budget will be prepared to generate reasonable and sustainable cash surpluses to assist with the funding of a Capital Replacement Reserve ("CRR") to finance capex in future. The Municipality aims to increase its contribution towards the cash backed CRR during the planning period.

The Municipality will endeavour that Net Financial Liabilities (total liabilities less current assets) as a percentage of Total Operating Revenue (capital items excluded) will be below acceptable target levels to ensure long-term financial sustainability.

3.4. Effective and Efficient Use of Resources

Limited resources require constant improvement in the effectiveness of the Municipality's performance and efficiency in how its functions are performed. To achieve this, the operating budget will be compiled on a zero base budget approach to eliminate any undue fat being built into a budget when an incremental approach is applied.

3.5. Accountability, Transparency and Good Governance

The Municipality is accountable to the people who provide the resources, for what they do with these resources. The planning and budgeting process is therefore open to public participation and scrutiny. Accurate financial information will be produced within acceptable time-frames. In addition, the accounting and financial reporting procedures will minimise opportunities for corruption.

3.6. Equity and Redistribution

The Municipality will treat people fairly and justly when it comes to the provision of services. The "equitable share" from national government will be used to provide basic services for targeted indigent households. The abuse of this system by households who can afford to pay for their services will be dealt with harshly by the Municipality.

Unfunded mandates remain a financial burden to the rate payers of the Municipality but will be performed from own resources where possible.

3.7. Development and Investment

Beyond holding cash backed reserves (viz. Liquidity Reserve and Capital Replacement Reserve) in low risk investments, the Municipality will invest surplus cash in infrastructure in an attempt to eradicate backlogs. Due to the Municipality's limited resources it will encourage private sector investment in infrastructure.

3.8. Macro-Economic Investment

The Municipality is cognisant of the importance of economic growth to sustain its operations and will support national and provincial fiscal policy in this regard.

3.9. Borrowing

The Municipality will only access external borrowings for purposes of funding capital expenditure and preferably for revenue generating assets. It will not borrow to balance its operating budget and to finance any operating expenditure.

The Municipality will ensure that its external gearing is within acceptable levels. A 25% gearing level will be targeted as the upper limit.

In order to have access to the capital markets, the Municipality will produce accurate financial accounts and ensure that the perceived Credit Rating improves for it to obtain loans at reduced interest rates.

4. Financial Strategies

The strategies proposed are based on the outcome of independent historic financial assessments, input from Executive Management of the Municipality and the IPM Capital Investment Model. The strategies are classified into six categories. The categories are:

- Organisational Strategies
- Planning Strategies
- Revenue Raising Strategies
- Cost Saving Strategies
- Financial Management Strategies
- Asset Management Strategies
- Capital Financing Strategies
- Operational Financing Strategies
- Financial Management Policies

The strategies will be allocated to staff to implement as part of their key performance measures and the Municipal Manager will oversee this cross cutting "Project". Due to changing circumstances the plan will be updated annually to inform the new budgets.

A focused and pro-active management approach, with a strategic outlook is required to ensure future financial sustainability of the Municipality.

4.1. ORGANISATIONAL STRATEGIES

The Municipality will maintain an effective and efficient organisation and promote productivity of all its resources. Very specific strategies to be pursued include:

4.1.1. Implement an Organisation Restructuring Study

Historic events contributed to structural changes in the organisation. Although it is acknowledged that these events gave rise to the need for intervention, the changes that were made are not necessarily viewed as efficient. It is recommended that an Organisation Restructuring Study is undertaken to very specifically address:

- The Area Management model and efficiencies in maintaining infrastructure

- Improvements to the housing delivery chain

4.1.2. Implement Resort Management Options

The municipality owns and operates seven holiday resorts which are not profitable. SBM commissioned Grant Thornton to investigate the management model at the resorts and they recommended different models for each resort. We recommend that the proposals made by Grant Thornton are given due consideration. As an alternative to the proposals made by Grant Thornton, consider involving the West Coast District Municipality in the management of the resorts.

4.1.3. Consider transferring the Hopefield old Age Facility

The operation and maintenance cost of the Old Age Home in Hopefield is a burden to the municipality. We recommend that the SBM investigate the feasibility of transferring the asset and operations to an FBO or NGO.

4.1.4. Investigate a PPP model for the provision of the Water Desalination Plant

The SBM is considering the construction of a water desalination plant with a first phase cost estimate of R500 million. This amount is sufficiently large to attract private parties to bid for a classical Public Private Partnership ("PPP") concession, in which the municipality enters into a PPP Agreement with a Private Party to design, build, finance, operate, maintain and transfer the plant back to the municipality at the expiry of the concession period for an annual ("take-and-pay") unitary fee similar to a bulk water purchase price. We recommend that a transaction advisor is appointed to investigate the feasibility and cost-benefit of this delivery method. To this end the municipality is advised to approach the Infrastructure Investment Programme for South Africa ("IIPSA"), a grant funding programme to assist municipalities with project preparation, administered by the DBSA.

4.2. PLANNING STRATEGIES

The Municipality will assess the implication of its long term planning processes on its financial sustainability.

4.2.1. Plan for the augmentation of the Water and Energy Sources

The inadequate supply of water and energy to serve future developments is regarded as a high risk. We recommend that the master plans for the provision of these resources receive priority attention.

4.2.2. Improve the Coordination between the IDZ Development and the Municipal Infrastructure Provision

The pace of development of the IDZ is uncertain, but the Licensing Company is proceeding on the basis of certain assumptions and we recommend that the SBM align its provision of infrastructure to that of the IDZ development.

4.3. REVENUE RAISING STRATEGIES

The Municipality will continue to work on diversifying and ensuring growth of its revenue base. The following revenue streams will be maximised:

- Assessment rates
- Revenue from trading services
- Agency fees and fines
- Smart revenue e.g. estate management , adverting rights and other revenue
- Grants
- Donor funding from international agencies
- Public Private Partnership

Very specific strategies to be pursued include:

4.3.1. Enhance Potential Revenue

During the conversations with Management, various initiatives were identified that could potentially raise the municipality's revenues. We recommend that the SBM investigate the following proposed initiatives for generating revenue:

- Introduction of a municipal court
- Advocate for a small surcharge on top of ESKOM's electricity bill to large consumers be paid over to the SBM
- Introduce a surcharge on tariffs during peak holiday periods
- Increase the surcharge on basic tariffs which caters for the fixed cost element of tariffs and if required, reduce the surcharge on the variable element of the tariff

4.4. COST SAVING STRATEGIES

The Municipality will align the expenditure budget not only to anticipated revenue growth, but very specifically to anticipated cash collections in an attempt to generate both accounting and cash surpluses. Stringent expenditure management remains an important aim.

4.4.1. Save on Expenditure

Notwithstanding the fiscal discipline that ensured containment of expenditure within the realm of revenue streams in the past, with a consequent consistent posting of Accounting and Cash Operating Surplus, there is scope to investigate saving on the following expenditure items. Management identified the following:

- Move towards a paperless environment
- Improve effectiveness of security services
- Share training and development opportunities with other municipalities
- Reintroduce the project prioritisation model
- Expedite transfer of houses to avoid expenses, e.g. insurance
- Improve supervision and limit overtime payments
- Limit appointment of consultants if the in-house capacity exists

4.4.2. Improve Staff Productivity

The Salaries and Wages bill is a large expenditure item. Staff productivity, as expressed by Total Income/Staff Costs, has decreased to 3 in the last four years ending 30 June 2015, from 4 in the preceding financial years. We recommend that interventions at management and supervisory level are introduced to improve productivity and limit new appointments to critical positions only.

4.5. FINANCIAL MANAGEMENT STRATEGIES

The sustainability and financial wellbeing of the Municipality is linked directly to sound financial management. In this regard the Municipality will continuously:

- Ensure that it complies with GRAP standards
- Review and update all policies and procedures annually
- Automate National Treasury reporting templates so as to ensure proper reporting
- Train and develop staff to minimize the use of the consultants
- Document processes to improve on the institutional memory
- Maintain an effective system of expenditure control, including procedures for approval authorization, withdrawal and payment of funds
- Prepare annual financial statements timeously and review performance and achievements
- Preserve and diversify its investment portfolio to maximize returns
- Ensure that multi year forecasts are sustainable

Very specific strategies to be pursued include:

4.5.1. Adopt a Municipal Viability Framework

Healthy Liquidity is considered the key factor for effectively managing the financial viability of SBM in the longer term in conjunction with the necessary financial ratios against which to monitor actual performance. The framework presents ratios within which to manage liquidity, operational performance and external gearing. We recommend that the Municipality adopts the proposed Municipal Viability Framework in this report for quarterly reporting to Council.

4.6. ASSET MANAGEMENT STRATEGIES

The Municipality will ensure that its assets are properly accounted for and safeguarded. Leveraging on the municipal assets will drive the economic growth and sustainable development of the Municipality. In particular:

4.6.1. Assess Condition of Assets

A review of the asset registers and based on the “Remaining Period” of useful life of these assets, indicates a large amount of R1.2 billion of assets was earmarked for replacement prior to 2016 but has not yet been replaced. We recommend that the asset registers are updated with an accurate assessment of the condition of infrastructure asset components and that repair and maintenance plans and asset replacement strategies are devised to ensure optimal use of these assets.

4.6.2. Adjust Repairs and Maintenance Budget Upwards

Low levels of Repairs & Maintenance expenditure are inconsistent with Saldanha Bay’s high level of Fixed Assets. We recommend that the Repairs and Maintenance Budget is gradually but consistently increased to reach the proposed 8% of carrying value of PPE in the longer term.

4.7. CAPITAL FINANCING STRATEGIES

It is essential to prioritise the allocation of resources to strategic infrastructure assets as part of the long term growth strategy. Public infrastructure such as roads and bulk services for water and sanitation are key in terms of development and growth of the city. For the Municipality to deliver on its core mandate and achieve its developmental goals it needs to explore different funding opportunities.

Municipal infrastructure has a long term economic life and a general principle is that the future users of the infrastructure should contribute towards the payment for capital expenditure by servicing the loans taken up now for immediate implementation of that infrastructure.

4.7.1. Improve the Balance of the Capital Funding Mix

Although it was financially afforded by the municipality - the historic aggressive Capital Investment program lacked Optimal & Balanced Funding. In the recent past little external financing was raised to the detriment of reducing the balance in the CRR considerably. We recommend that the SBM balance its capex funding substantially in line with the proposals in this financial plan.

4.7.2. Prioritise Financing of Asset Replacement from the CRR

The balance of the Capital Replacement Reserve is depleting fast. We recommend that the municipality annually funds its CRR in accordance with its policy (50% of the depreciation charge) and work towards transferring the full depreciation charge to a cash backed Capital Replacement Reserve. The SBM should avoid depleting its CRR in any given financial year, but use 50% of the prior year balance for assets that require replacement.

The SBM may want to limit external funding to the financing of new income generating assets. The SBM's policy on external gearing at a level of 25% is conservative but prudent.

4.7.3. Limit the Bridging of Government Transfers

Currently the municipality builds houses and claims the subsidy after completion of the construction. This impacts on the cash flow of the municipality and although one cannot be prescriptive in these matters we recommend that the SBM be alert and minimise such occurrences.

4.7.4. Improve estimates of Future Capital Contributions

If the IDZ is implemented as expected and associated residential and commercial developments follow, then the capital contributions from developers will become a significant funding source for future capital expenditure. We recommend that the SBM attempt an accurate estimate of future bulk infrastructure requirements and capital contributions to be expected.

We also recommend that developers deposit their contribution (or least 50%) upon signature of the development agreement, before the municipality incurs any expenses to avoid the municipality being out of pocket.

4.8. OPERATIONAL FINANCING STRATEGIES

Operational efficiency will be improved by maximising the collection rates and managing the underlying items of current assets and current liabilities optimally.

4.8.1. Strengthen Credit Controls

The payment ratio was volatile during the past 10 years, and although the collection rate of 98% in FYE2015 is good, the municipality should explore means of improving credit control and debtor management approaches in future.

4.9. FINANCIAL MANAGEMENT POLICIES

The aim of the financial policies is to provide guidance in terms of financial management and ultimately to ensure sound and sustainable management of the fiscal and financial affairs of the Municipality.

4.9.1. Review and Update Financial Policies

It is recommended that a detailed review and update redrafting of the financial policies be undertaken as a separate assignment due to the cross references between the different policies and to ensure that the set of policies used by Saldanha Bay Municipality reflect consistency and comprehensiveness which supports the LTFP of the municipality.

5. Financial Model Assumptions

The 10-year financial plan is prepared pursuant to a financial model in which the following salient assumptions are made:

TABLE 1: FINANCIAL MODEL ASSUMPTIONS

VARIABLE	VALUE
Model Period	11 Years: 01-07-2015 to 30-06-2026
Average CPI growth rate	6.95% p.a.
Days Receivable	52
Days Payable	49
Depreciation rate	5.5% p.a.
Investment Property: Acquisition	R 0 million
Investment Property / PPE: Disposal	R 0 million
No of months WC in liquidity reserve	1 month
Funding of Capital Replacement Reserve	Depreciation
Interest Rate on Positive Bank Balance above CPI	-1.0%
Interest Rate on Overdraft above CPI	5.0%
Opening balances	30-06-2015 (adapted)
New debt tenor	10 Years
New debt interest rate above CPI	4.50% p.a.
Capital Grants as a % of Total Revenue	4.5%
Projected GVA Growth Rate p.a.	4.7%
Projected Population Growth Rate p.a.	3.4%
Structural change in salaries and wages	None
Collection Rate	96.2%

6. Revenue

The Municipality's own revenues (excluding grants) are a function of the economy and population of the Municipality. These revenues were predicted on this basis by the financial model. The unconditional operational grant (equitable share) is added to forecast the total future revenues (excluding capital grants).

The Table below summarises the future Revenue forecasts:

TABLE 2: PROJECTED REVENUES

REVENUE	Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R '000 000												
Property rates	2 778.3	159.7	177.2	187.5	202.4	219.3	237.3	260.1	285.4	313.7	348.5	387.2
Equitable Share & Cond Ops Grants	953.1	51.0	57.8	64.9	70.0	75.8	82.1	90.0	98.7	108.5	120.5	133.9
Interest Income	54.0	17.8	5.6	4.9	6.6	2.1	2.3	2.5	2.7	2.9	3.2	3.5
Income electricity services	5 930.6	318.2	354.3	396.5	435.4	478.5	521.6	569.0	621.4	679.2	743.0	813.6
Income water services	2 220.7	126.1	135.7	147.7	162.2	178.3	194.3	212.0	231.5	253.0	276.8	303.1
Agency Services	67.1	4.3	4.6	4.9	5.2	5.5	5.9	6.4	6.8	7.3	7.9	8.4
Other service charges and income	2 655.9	102.7	114.6	133.3	157.3	183.4	219.6	257.2	299.2	345.8	394.4	448.3
Total Revenue	**14 659.8**	**779.8**	**849.8**	**939.6**	**1 039.1**	**1 143.0**	**1 263.1**	**1 397.1**	**1 545.7**	**1 710.4**	**1 894.2**	**2 098.0**

7. Operating Expenditure

The Municipality will align its expenditure budget to anticipated revenue growth in an attempt to generate accounting and cash surpluses. Therefore stringent expenditure management remains as important as ensuring that revenues are collected.

There is limited scope to substantially increase any costs without negatively impacting on the overall operational performance of the Municipality, therefor requiring stringent management of the increases in current expenses.

Expenditure trends will be monitored over time. Where possible the impact will be anticipated and staggered over multiple years to reduce the impact.

The financial model has assumed cost increases similar to the increases in the MTREF for the first 3 years, but uses the number of households as independent variable to calculate expenses in future.

The Table below summarises the future Expenditure Forecast:

Table 3: Projected Expenditure

EXPENDITURE	Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R '000 000												
Salaries, wages and allowances	4 458.1	277.6	295.0	314.7	342.0	368.3	394.7	424.3	455.7	489.5	528.5	567.8
Depreciation	1 861.3	135.7	140.6	140.9	150.0	153.4	158.7	168.4	178.9	191.6	210.9	232.1
Impairment	614.4	16.2	17.9	28.5	31.5	45.4	50.3	68.6	75.9	84.1	93.1	103.1
Expenditure electricity services	4 087.8	211.3	234.5	258.0	277.9	305.8	334.9	376.5	423.9	478.3	551.4	635.3
Expenditure water services	1 243.8	63.6	68.6	74.1	85.2	93.7	102.7	115.4	130.0	146.7	169.1	194.8
Repairs and maintenance	688.3	45.1	46.5	48.0	45.1	49.6	54.3	61.1	68.7	77.6	89.4	103.0
Interest on Long Term Debt	389.8	9.6	15.0	15.4	21.3	27.9	34.9	41.7	47.7	52.6	58.4	65.2
General expenses	1 418.7	111.0	106.8	105.0	107.1	115.0	122.9	131.4	140.2	149.6	159.9	169.9
Total Expenditure	**14 762.3**	**870.1**	**924.9**	**984.6**	**1 060.1**	**1 159.1**	**1 253.4**	**1 387.5**	**1 521.0**	**1 669.9**	**1 860.7**	**2 071.0**

8. Capital Expenditure

The amount of capital expenditure demand, for both asset replacement as well as new asset creation, exceeds affordable levels.

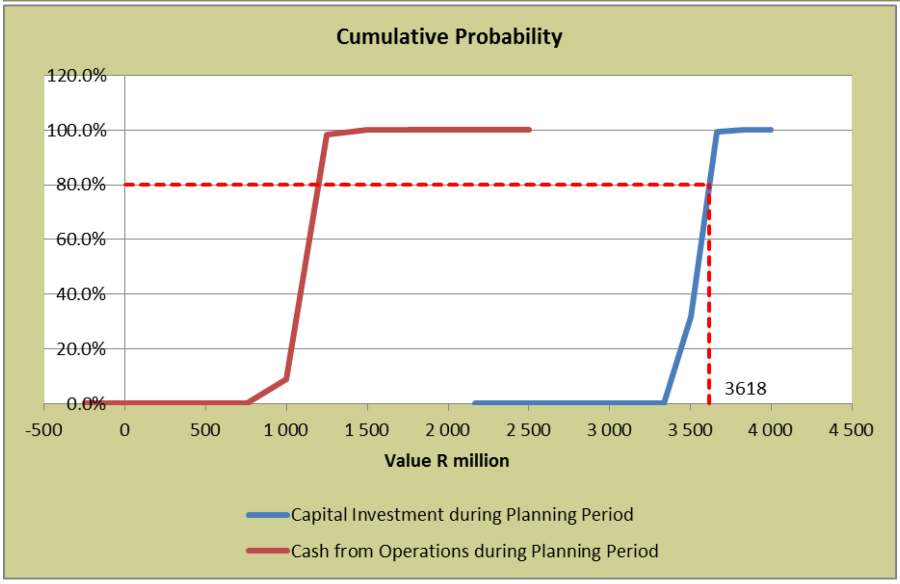
The long term capex estimates will be limited to levels that are affordable to the Municipality. These are summarised in the Table below:

Table 4: Projected Capital Expenditure

CAPEX	Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R' 000 000												
Asset Replacement Cost	1 279	101	78	51	107	74	87	117	125	143	189	208
New Capex	2 387	188	145	95	199	138	162	218	234	267	352	387
Total Affordable Capex	**3 666**	**289**	**223**	**146**	**306**	**212**	**249**	**335**	**359**	**410**	**541**	**595**

Pursuant to a Monte Carlo simulation, the cumulative probability of the capex budget may vary as illustrated in the graph below:

Graph 1: Cumulative Probability of Total Affordable Capex during the Planning Period



9. Funding of Capital Expenditure

Various sources for the funding of the predicted capex budget will be accessed within the affordability levels of the Municipality. These consist of grant funding, own generated funds reserved in the CRR and external gearing. The projected sources are presented in the table below:

Table 4: Projected Funding of Capital Expenditure

FUNDING OF CAPEX	10-Year Total	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R '000 000												
Grants	1 037	68	58	54	52	52	54	109	113	121	176	180
Own Funds	1 005	145	48	36	149	63	83	75	82	109	107	109
Loans	822	47	58	17	65	75	85	85	85	85	100	120
Capital Contribution	802	29	60	40	40	23	27	66	79	95	158	185
Total	**3 666**	**289**	**223**	**146**	**306**	**212**	**249**	**335**	**359**	**410**	**541**	**595**

10. Long Term Financial Sustainability Ratios

Notwithstanding the Municipality's aim to achieve healthy norms, the prediction is based on realistic ratios as informed by the financial performance to date. Given the assumptions, the financial model predicts the following ratios:

TABLE 5: PROJECTED FINANCIAL RATIOS

RATIO	NORM	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Liquidity Ratios												
Current Ratio	2 : 1	3.2 : 1	3.1 : 1	3.2 : 1	2.8 : 1	2.9 : 1	3.0 : 1	3.1 : 1	3.2 : 1	3.2 : 1	3.2 : 1	3.2 : 1
Quick Liquidity Ratio	2 : 1	2.4 : 1	2.2 : 1	2.4 : 1	1.9 : 1	2.0 : 1	2.1 : 1	2.2 : 1	2.3 : 1	2.3 : 1	2.3 : 1	2.3 : 1
Minimum Liquidity Level (or Cost Coverage)	1 : 1	4.7 : 1	4.4 : 1	4.7 : 1	3.8 : 1	4.0 : 1	4.3 : 1	4.5 : 1	4.8 : 1	4.9 : 1	4.9 : 1	4.9 : 1
Overdraft to Total Income	0	0	0	0	0	0	0	0	0	0	0	0
Operational Ratios												
Accounting Surplus	>0	7	43	49	72	58	91	185	216	256	368	393
Cash Operating Surplus	>0	51	87	129	169	203	245	280	318	359	388	418
Cash from Operations as a % of own Revenue		19%	23%	23%	25%	24%	26%	32%	32%	32%	36%	35%
Repairs and Maintenance to PPE	7.0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	5%	5%
Debtors Payment Ratio (app.)	>95%	98%	96%	95%	95%	94%	94%	93%	93%	93%	93%	93%
Staff Costs	25% - 40%	32%	32%	32%	32%	32%	31%	31%	30%	29%	28%	27%
External Gearing Ratios												
External Loan Liability Paid Coverage Ratio	2 : 1	7.2 : 1	6.2 : 1	6.6 : 1	5.6 : 1	4.1 : 1	4.0 : 1	4.6 : 1	4.3 : 1	4.2 : 1	4.6 : 1	4.5 : 1
External Interest and Capital Paid to Total Expenditure	7.5%	2%	3%	3%	4%	4%	5%	6%	6%	6%	7%	7%
External Gearing Ratio (or Debt as a % of Own Revenue)	40.0%	10%	14%	13%	16%	19%	22%	23%	23%	22%	21%	21%
Other:												
Level of Grant Dependency		14%	12%	11%	11%	10%	10%	13%	12%	12%	13%	13%
Operating Surplus Ratio	<5%	1%	4%	5%	6%	5%	7%	12%	12%	13%	17%	16%
Net Financial Liabilities Ratio	<70%	-9%	-3%	-5%	5%	7%	8%	8%	8%	7%	7%	7%
Asset Sustainability Ratio	90% - 110%	56%	55%	56%	66%	82%	100%	117%	135%	143%	145%	146%

It is the aim of the Municipality to focus on the Consumer Collection Levels and Repairs and Maintenance to Total Expenditure Ratio and improve on these in the medium term.

11.Conclusion

The multi-year Long-Term Financial Plan contains revenue and expenditure forecasts expected in the event that the IDZ is developed. This will provide a sound basis for improved financial management and institutional development as well as service delivery improvements and implementation.

Notwithstanding the realistic forecasts the Municipality has set itself stretch targets and devised strategies which will, if implemented successfully, exceed the expectation in the forecasts.